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Diana T Fritz 03/15/2007 10:51:27 AM From DB/Inbox: Diana T Fritz

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C O N F I D E N T I A L ABU DHABI 00421

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ACTION: POL
INFO: AMB DCM MEPI P/M ECON RSO

DISSEMINATION: POL
CHARGE: PROG

APPROVED: CDA:MRQUINN
DRAFTED: ECON:TMBRYS,ECON:OJO
CLEARED: NONE

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RUCPDOC/DEPT OF COMMERCE WASHDC
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RHEFDIA/DIA WASHINGTON DC
RUEAIIA/CIA WASHINGTON DC

C O N F I D E N T I A L SECTION 01 OF 02 ABU DHABI 000421

SIPDIS

NSC FOR D.STEPHENS;
STATE FOR ISN/FO J.ROOD, ISN/CPI T.FOLEY, C.RUSSELL, R.PAN;
TREASURY FOR B.HAMMERLE;
COMMERCE FOR C.PADILLA AND M.BORMAN

E.O. 12958: DECL: 03/13/2017
TAGS: [ETTC](#) [ETRD](#) [PREL](#) [PGOV](#) [PARM](#) [IR](#) [AE](#)
SUBJECT: MINSTER OF ECONOMY SEEKS U.S. ASSISTANCE TO
EDUCATE UAE COMPANIES ON EXPORT CONTROLS

Classified By: Charge d'Affaires Martin R. Quinn, for reasons 1.4 b and d.

1.(C) Summary: NSC Acting Senior Director for Counterproliferation Strategy David Stephens and USDOC/BIS DAS Matt Borman met with UAE Minister of Economy Sheikha Lubna Al Qassimi on March 1 to discuss export control issues. ASD Stephens explained the necessity of having a law with broad authority while educating industry to be effective. Sheikha Lubna requested a Department of Commerce "road show" to help educate government and industry in the UAE, particularly with regard to control of dual-use items. She said a new committee under the MFA will issue export licenses in coordination with security forces, customs and free zones. ASD Stephens discussed the implications of UNSCR 1718 and UNSCR 1737, as well as the new Commerce export control category, Country Group C. Sheikha Lubna asked for opinions on Iranian and GCC civil nuclear issues and spoke about her upcoming official travel to Washington D.C. End Summary

2.(U) NSC Acting Senior Director for Counterproliferation Strategy David Stephens met with UAE Minister of Economy Sheikha Lubna Al Qassimi on March 1 to discuss export control issues on the margins of the US-UAE Counterproliferation Task Force. The meeting was also attended by: the Ambassador; Matt Borman, Deputy Assistant Secretary for Export Administration, Bureau of Industry and Security, Department of Commerce; Barbara Hammerle, Deputy Director, Office of

Foreign Assets Control, Department of the Treasury; Caroline Russell, Deputy Director, Office of Counterproliferation Initiatives, Bureau of International Security and Nonproliferation, Department of State; and PolEconoff (notetaker).

Export Control Law and a Commerce "Road Show"

3.(C) Sheikha Lubna opened the meeting by predicting the UAE export control law would likely be passed by the UAE Cabinet on March 4 (and subsequently informed us it was indeed passed on for Federal National Council review on that date). She indicated that the UAE will provide the U.S. with a copy of the law once it has been completed.

4.(C) Sheikha Lubna turned to Mayrow General Trading and used it as an example of the difficulty in regulating dual-use products. ASD Stephens emphasized that an export control law and effective regulations and enforcement mechanisms were necessary predicates for addressing the challenge. With an extensive list of controlled items and wide educational outreach to industry, it is possible to target the small amount of illegal activity among the large amount of legitimate trade. DAS Borman noted that legitimate businesses generally welcome controls once they understand that they can help to promote legitimate trade. Sheikha Lubna expressed interest in having a Department of Commerce "road show" come and talk about this with government and industry in the UAE, which DAS Borman thought would be possible.

5.(C) Sheikha Lubna said "sensitive enforcement" of the UAE's export controls would lie with the Ministry of Foreign Affairs, but the Ministry of Economy would be responsible for private sector education, as well as coordination with ports, free zones and chambers of commerce. The MoE would provide "strategic guidance" and meet with industry so there is no confusion about what is appropriate activity. A new committee under the MFA will issue export licenses in coordination with security forces, customs and free zones. Sheikha Lubna was open to the suggestion of having visitors from the U.S. come to share best practices with this license-issuing committee once it is established.

U.S. Export Licensing Actions

6.(C) ASD Stephens told Sheikha Lubna two UAE entities, Bazaar Trading and Elmstone Trading, would be added to the Commerce Entity List. She stressed the commitment the UAE had made even prior to the creation of their Counterproliferation Task Force to ensure the UAE and its economy remained secure. ASD Stephens noted the significance of UNSCR 1718 and UNSCR 1737, which are legally binding Chapter VII resolutions, and observed that the resolutions create affirmative obligations on all states to ensure that their territories, nationals, and businesses are not used to support Iranian and North Korean proliferation trade. He urged the UAE to consider how its policies and approaches to counterproliferation should be modified in response to the requirements of 1718 and 1737. Sheikha Lubna said she would discuss the matter with the Foreign Minister.

7.(C) ASD Stephens and DAS Borman briefly explained the creation of Country Group C, for "Countries of Diversion Concern," and said the UAE Embassy in Washington had been briefed earlier in the week. ASD Stephens expressed hope that the passage of the UAE export control law and continued efforts by the UAE to enforce the law and cooperate on counterproliferation requests would end the need for this conversation to be taken farther in the future.

18. (C) Sheikha Lubna asked about the license the USG recently issued to allow certain GE aircraft parts to be exported to third countries for installation on civilian Iran Air passenger aircraft. DAS Borman and Deputy Director Hammerle explained that FAA had identified the potential for unanticipated and serious engine failure problems with

respect to the engines at issue and that the repairs and exports that were authorized were consistent with the USG,s civilian air safety policy.

Iran and GCC Nuclear issues

9.(C) Sheikha Lubna asked for an update on the London P5 1 meeting that week. ASD Stephens said the latest IAEA report indicates Iran continues to defy the international community and has not changed its attitude. He thought the P5 1 is likely to seek another UNSCR for additional sanctions. ASD Stephens stressed the need to use levers outside UN sanctions to prevent a "business as normal" attitude in any dealing with Iran, particularly financial measures. Sheikha Lubna said Iranians largely use their own banks and are only isolating themselves more.

10.(C) Sheikha Lubna asked what the response would be to GCC efforts seeking civil nuclear power. ASD Stephens said the President is an advocate of civil nuclear power, pointing to recent efforts encouraging civil nuclear programs in China and India. He recalled the President,s speech in February 2004 calling for reliable access to nuclear fuel for countries that forgo enrichment and reprocessing technologies. Stephens said the Administration had noted the GCC statement on pursuing civil nuclear programs, and the U.S. would be willing to engage in further bilateral discussions on this topic with the UAE, based on the principles articulated by the President.

Washington D.C. Travel

11.(U) Sheikha Lubna noted that she was finalizing plans for official travel to Washington D.C. March 12-17. She is looking forward to meeting Commerce Deputy Secretary Sampson and AUSTR Shaun Donnelly and is seeking meetings with Representative Pelosi and other members of Congress through the UAE Embassy there.

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